

CHAPTER II.

ANCIENT AND MODERN BANKING IN ITALY.

Italy the Mother of Modern Banking in the West—
Conditions before the Unification of the Kingdom—
Specie Suspension and the Era of Depreciated
Paper during the Struggles for Lombardy and
Venetia— Rise of the Bank of Italy—The Bank
Scandals of 1893— Flight of Subsidiary Silver to
Other Countries—Recovery of National Credit in
the Twentieth Century.

ITALY is the mother of modern banking in the West, not only as heir of the Roman bankers of antiquity, but as the first country to develop the mechanism of modern credit under the light of the Renaissance. Of the Bank of Venice and of other early Italian banks, the story has already been briefly told. The disorders which came on the heels of the French Revolution, wiping out the boundaries of states and destroying the freedom of the Italian cities, put an end also to most of the ancient banks. The only one which survived was a land and mortgage bank called *Monte dei Paschi*, at Sienna, which was believed to date back to the seventeenth century. The first effort to found a modern bank was made at Genoa upon the foundations of the old Bank of St. George. The effort was not successful, and, in the opinion of M. Courcelle-Seneuil, this is not to be regretted, "for the Bank of St. George was adapted to customs and commercial usages which have ceased to exist." The next attempt to establish a banking system in Piedmont was made by letters patent of King Charles Albert, under date of March 16, 1844, the new bank was to be known as the Bank of Genoa, to have a